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# Niche businesses coming to the fore

**EXCLUSIVE**

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CHINA CORRESPONDENT

Niche manufacturers are starting to leverage the lower dollar and the new suite of free-trade agreements, especially with China, to revive a sector that had appeared crushed in Australia with the carmakers' closures.

The Export Finance and Insurance Corporation, which has been transformed by new legislation guiding it to support small and medium-sized exporters of goods and services, has discovered and helped foster this manufacturing revival.

Chief executive Andrew Hunter told *The Australian* yesterday that about half of EFIC's new products targeted at SMEs are being taken by manufacturers.

In the first half of this financial year, of \$95 million support provided, \$46m went to manufacturing.

Examples include Melbourne company Camatic, which makes seats for sports stadiums. It won its first export contract to Atlanta for the Olympic Games in 1996, and provided the seats for the latest Superbowl in San Francisco.

The company needs help in working capital to meet such orders, Mr Hunter said.

South Australian firm FCT Flames, also in the sporting space, produces cauldron flames, including for the South East Asian Games 2015 in Singapore.

Melbourne business Compu-medics makes sleep diagnostic products, with much of its expertise focused on software.

"Typically, banks are reluctant to lend to a company whose key asset is technology or software rather than a hard asset like a building. Such firms have struggled in the past to access the working capital needed to grow their business through exporting," Mr Hunter said.

The companies that are seeking support have often, he said, been assiduous in checking out and pursuing opportunities from the new free-trade agreements with Japan, South Korea and China, "with wineries and other agribusiness firms often on the first flights, securing contracts now they are more price competitive".

Today, EFIC is launching a new loan facility targeting small businesses whose turnovers range from \$250,000 to \$2m.

The unsecured loans, from \$50,000 to \$250,000, will be processed online. The corporation discovered this need as it rolled out last year a loan product for larger exporters sized from \$10m to \$50m, and the money can be in the firms' accounts within nine working days.

"Typically, these exporters are growing faster than their balance sheets," Mr Hunter said, "and can't offer the collateral their banks are seeking. They want simple facilities, they don't employ teams of finance experts."

Two to three years ago, he said, "banks took the view that Australia would struggle to have a future in manufacturing, as offshoring accelerated, and they tightened their risk appetite for the sector".

"But we are now seeing Australian companies winning con-

tracts in Asian markets — but they need collateral to realise these opportunities."

While manufacturing exports only increased 2.4 per cent in 2015, he expects "a substantial pick-up this year".